

Orange and Rockland Utilities, Inc.
Case: 07-E-0949

Response to DPS Interrogatories – Set DPS4
Date of Response: October 8, 2007
Responding Witness: Richard A. Kane

Question No.: 63

Employee and Other Insurance Costs for the 12 months ending March 31, 2007 include costs of \$1.075 million for Other Employee Benefit Costs (see Exhibit E-5, Schedule 4). Company work papers indicate that included in this amount are costs of approximately \$367,000 for a restricted stock program (Account 930225-Miscellaneous General Expense).

1. Please fully describe this program.
2. Please indicate why such costs should be recoverable in rates.
3. Please indicate if the Company has traditionally sought rate recovery for this program in its previous filings.

RESPONSE:

1. The Company's restricted stock program provides officers of Orange and Rockland with stock equivalents, based on their achieving certain predefined goals.
2. The cost of the restricted stock program is a recurring and prudent expenditure incurred to attract and retain senior management.
3. The Company included this cost in its Show Cause filing – Case 06-E-1433

Orange and Rockland Utilities, Inc.
Case: 07-E-0949

Response to DPS Interrogatories – Set DPS4
Date of Response: November 20, 2007
Responding Witness: Richard A. Kane

Question No.: 64

Employee and Other Insurance Costs – Amortization of Asbestos Claims.

In Case 03-E-0797, the Commission by order issued October 23, 2003 approved the establishment of a \$1.1 million NY share reserve from a portion of the gain on the sale of generation designed to cover estimated asbestos related injury claims made by former employees. Since that time claims paid through 2006, per company work papers, have exceeded the reserve by approximately \$850,000. Please provide the most current available estimate of Orange and Rockland, New York's remaining liability related to the former employees.

RESPONSE:

Sedgwick CMS, the Company's administrator for its workers' compensation claims, prepared the attached schedule that indicates the current estimate of the Company's liability for asbestos claims by divested employees is \$1,324,000. Of the total approximately \$927,000 would be applicable to the Company's New York electric operations.

Orange and Rockland Utilities, Inc
 Summary of Estimated Asbestosis Claims Outstanding
 As of November 2007

<u>Claimant Last Name</u>	<u>Claimant First Name</u>	<u>Claim Total Future Reserves</u>	<u>Result/Nature Description</u>
SENGSTACKEN	EDWIN	90,691.02	Asbestosis
RANDT SR	JOSEPH	1,418.25	Asbestosis
HANLEY	JOSEPH	72,873.99	Asbestosis
TUFANO	ANTHONY	8,473.62	Asbestosis
DURGAN	PAUL	7,864.78	Asbestosis
LODINI	FREDRICK	6,080.40	Asbestosis
La Grange	George	69,644.72	Death
MAHER	LAWRENCE	7,326.93	Asbestosis
IZZO	ROBERT	8,753.67	Asbestosis
BABCOCK	LEROY	3,708.65	Asbestosis
PROCACCIO	JOHN	9,724.94	Asbestosis
MORALES	MICHAEL	11,299.99	Asbestosis
CUNNINGHAM	JOHN	9,341.15	Asbestosis
CAMPER	DANIEL	20,337.24	Asbestosis
KOFMAN	LEOPOLD	6,173.65	Asbestosis
RYDER	KENNETH	93,246.11	Asbestosis
BOND	BENJAMIN	2,891.15	Asbestosis
ZALESKIE	JOHN	6,511.15	Asbestosis
BEYERS	ARTHUR	5,134.00	Asbestosis
HILTZ	EARL	4,961.15	Asbestosis
WEYGANT	ARTHUR	77,464.07	Asbestosis
SANSALONE	NICHOLAS	18,188.67	Asbestosis
SIBLEY	GEORGE	20,299.99	Asbestosis
CUMMINGS	GEORGE	15,264.00	Asbestosis
NYTKO	FREDERICK	7,952.40	Asbestosis
JANKOWSKY JR	BERNARD	18,636.25	Asbestosis
MCAHON	ANDREW	9,782.52	Asbestosis
COLLELUORE SR	DOMINIC	105,729.61	Asbestosis
WAGNER	ROBERT	14,148.46	Asbestosis
DIGIUGNO	ANDREW	50,512.49	Asbestosis
Bigi	Donald	7,615.11	Asbestosis
Moore	David	9,365.89	Asbestosis
PRICE	EDWIN	4,962.05	Asbestosis
Murphy	Daniel	35,014.17	Asbestosis
WILLIAMS	FREDERICK	36,356.94	Death
LEGIO	SALVATORE	199,158.97	Death
Mains	Robert	1,315.00	Asbestosis
Nigro	Carmin	101,669.01	Asbestosis
SCHMOEGER	KENNETH	67,996.36	Asbestosis
SCHMOEGER	KENNETH	3,361.18	Asbestosis
COSTANZA	JOSEPH	741.14	Asbestosis
Andersen	Walter	1,682.00	Death
Maher	William	13,393.80	Asbestosis
Bertolino	Joseph	3,203.84	Asbestosis
BIRISH	WILLIAM	30,462.35	Asbestosis
Sullivan	Jimmie	1,290.36	Asbestosis
McCallum	James	2,507.00	Asbestosis
Jados	Richard	19,456.34	Death
		1,323,986.53	

Orange and Rockland Utilities, Inc.
Case: 07-E-0949

Response to DPS Interrogatories – Set DPS4
Date of Response: October 8, 2007
Responding Witness: Richard A. Kane

Question No.: 66

Please state why the appropriate amount shown on Exhibit E-2, Schedule 8 for working capital related to purchased power was not included in the year ended March 31, 2007 total.

RESPONSE:

The Test Year level for working capital related to purchased power shown on Exhibit E-2, Schedule 8 (i.e., \$260,290 x 1.64% or \$4,269) was omitted in error in the year ended March 31, 2007 total and should be included on Exhibit E-2, Schedule 6.

Orange and Rockland Utilities, Inc.
Case: 07-E-0949

Response to DPS Interrogatories – Set DPS5
Date of Response: November 9, 2007
Responding Witness: Richard A. Kane

Question No.: 70

Company testimony states that workers compensation claim payments for both non-asbestos claims and asbestos claim payments for the three year average.

1. Please update the three year average of both non-asbestos claims and asbestos claim payments for the three year period ended September 30, 2007 and provide supporting work papers.
2. Please update the three year average of both non-asbestos claims and asbestos claims for the three year period ended December 31, 2007 with supporting work paper calculations when they become available.

RESPONSE:

1. Attachment DPS-70 is an update of the three year average of both non-asbestos claims and asbestos claim payments for the three year period ended September 30, 2007.
2. The Company will provide data for the three year period ended December 31, 2007 when available.

Orange And Rockland Utilities, Inc.
Summary of Workers Comp Payments & Accruals
Charged To Reserve

<u>Account 228230 / 228270</u>	<u>Net Claims Paid (see below)</u>	<u>Worker's Comp. Accruals Expense</u>	<u>Net Expense</u>	<u>Reserve Balance</u>
September 31, 2004 Balance				(6,012,875.60)
October - December 2004	306,336.96	1,306,538.64	1,612,875.60	(4,400,000.00)
January - December 2005	998,920.09	(1,298,920.09)	(300,000.00)	(4,700,000.00)
January - December 2006	1,217,832.41	(1,236,428.10)	(18,595.69)	(4,718,595.69)
January - September 2007	<u>1,091,930.33</u>	<u>(1,696,517.18)</u>	<u>(604,586.85)</u>	(5,323,182.54)
Total	<u>3,615,019.79</u>	<u>(2,925,326.73)</u>	<u>689,693.06</u>	
Average Claims	<u>1,205,006.60</u>	<u>(975,108.91)</u>	<u>229,897.69</u>	

Asbestos payments:

Oct - Dec. 2004	125,798
2005	636,350
2006	578,337
Jan. - Sep. 2007	458,647
Total	<u>1,799,132</u>
Average	<u>599,711</u>

O&R Electric Allocation \$ 419,797

Payments Net of Asbestos

Oct - Dec. 2004	180,539
2005	362,570
2006	639,495
Jan. - Sep. 2007	633,283
Total	<u>1,815,888</u>
Average	<u>605,296</u>

O&R Electric Allocation 326,860
\$ 746,657

Orange and Rockland Utilities, Inc.
Case: 07-E-0949

Response to DPS Interrogatories – Set DPS5
Date of Response: November 7, 2007
Responding Witness: Richard A. Kane

Question No.: 71

Company testimony states that a normalizing adjustment to General liability insurance costs was made to reflect a three year average of claims paid by the company work papers indicate that the three year average covered April 2004 through March 2007.

1. The three year average of claims paid by the company April 2004 through March 2007 also includes an amount of approximately \$132,000 for the change in reserve. Please explain why the change in reserve should be included in the average.
2. Please update the three year average of claims for the three year period ended September 30, 2007 and provide supporting workpaper calculations.
3. Please update the three year average of claims for the three year period ended December 31, 2007 and provide supporting work papers calculations when they become available.

RESPONSE:

1. The three year average of general insurance costs paid by the Company from April 2004 through March 2007 was developed by taking direct general liability costs charged to expense account 925231 01 and adding net changes to reserve account 228200 of \$131,681 to calculate the net cash payments for the thirty six months ended March 31, 2007. Company expense account 925231 includes both direct charges and net accruals for claims reserved in account 228200. Attachment DPS-71 is an analysis of the both accounts and compares the activity in each account to the workpaper analysis filed with the case.
2. Attachment DPS-71(2) is an update the three year average of claims for the three year period ended September 30, 2007
3. The Company will provide data for the three year period ended December 31, 2007 when available.

Orange & Rockland Utilities, Inc.
Analysis of General Liability Reserve

<u>Account 228200</u>	<u>Payments</u>	<u>Accruals</u>	<u>Balance</u>
March 31, 2004			(736,680.78)
April - December 2004	250,455.05	(748,774.27)	(1,235,000.00)
January - December 2005	530,594.02	129,405.98	(575,000.00)
January - December 2006	75,492.86	(119,292.86)	(618,800.00)
January - March 2007	5,723.72	8,076.28	(605,000.00)
Total	<u>862,265.65</u>	<u>(730,584.87)</u>	
Average	<u>287,421.88</u>		

	<u>Expense</u>	<u>Insurance Reserve</u>		<u>Net Cash</u>
<u>Electric Liab. Insurance</u>	<u>925231 01</u>	<u>Less Accruals</u>	<u>Plus : Payments</u>	<u>Payments</u>
April - December 2004	962,647.83	(748,774.27)	250,455.05	464,328.61
January - December 2005	(375,651.17)	129,405.98	530,594.02	284,348.83
January - December 2006	(157,595.97)	(119,292.86)	75,492.86	(201,395.97)
January - March 2007	(90,391.18)	8,076.28	5,723.72	(76,591.18)
	<u>339,009.51</u>	<u>(730,584.87)</u>	<u>862,265.65</u>	<u>470,690.29</u>
Average	<u>113,003.17</u>	<u>(243,528.29)</u>	<u>287,421.88</u>	<u>156,896.76</u>

<u>As Filed</u>	
<u>Electric Liab. Insurance</u>	<u>925231 01</u>
April - December 2004	962,647.83
January - December 2005	(375,651.17)
January - December 2006	(157,595.97)
January - March 2007	(90,391.18)
Change In Reserve	<u>131,680.78</u>
Total	<u>470,690.29</u>
3 Year Average	<u>156,896.76</u>

General Liability Reserve	<u>228200 00</u>
Balance 3/31/04	(736,680.78)
Balance 3/31/07	<u>(605,000.00)</u>
	<u>131,680.78</u>



<-----

Electric Liab. Insurance	925231 01	925100 01	Total
October - December 2004	853,206.12	146,838.93	1,000,045.05
January - December 2005	(375,651.17)	653,594.97	277,943.80
January - December 2006	(157,595.97)	810,179.46	652,583.49
January - September 2007	264,969.32	483,303.32	748,272.64
Change In Reserve	70,594.92		70,594.92
Total	655,523.22	2,093,916.68	2,749,439.90
3 Year Average	218,507.74	697,972.23	916,479.97

General Liability Reserve	228200 00
Balance 9/30/04	(610,595)
Balance 9/30/07	(540,000)
	70,595

Orange and Rockland Utilities, Inc.
Case: 07-E-0949

Response to DPS Interrogatories – Set DPS5
Date of Response: October 10, 2007
Responding Witness: Richard A. Kane

Question No.: 72

Company Exhibit E-4, Schedule 4, titled Amortization of Regulatory Deferrals, includes various deferred environmental remediation balances as of June 30, 2007. Environmental Remediation –Accrual, account 242375, indicates a credit balance of \$24,219,846 or the electric share 70.75% of this account. The Company’s month ending June 30, 2007 Operating and Financial Report page 29 indicates an account credit balance of \$46,232,998. Should the electric share of this credit balance be \$32,709,846, i.e., 70.75% of the total account balance? If not, please explain.

RESPONSE:

The \$24,219,846 shown in Exhibit E-4, Schedule 4 for environmental remediation accruals at June 30, 2007 is incorrect. The correct amount of the accrual allocated to electric should be \$32,709,846 as indicated in the question above. The Company will update this schedule to correct the amount of the accrual and the amortization of the net deferred balance as part of its formal update.

Orange and Rockland Utilities, Inc.
Case: 07-E-0949

Response to DPS Interrogatories – Set DPS6
Date of Response: October 25, 2007
Responding Witness: K. Kosior

Question No. :82

Company testimony (page 5 of witness Kosior) states that the full employment for the Electric Operations Department of 210 employees is according to the Company's position in the Temporary Rates Proceeding. The testimony goes on to state that the actual average number of employees for the 12 months ended March 31, 2007 for the Electric Operations Department was 208. As a result, the company included one weekly paid employee and one monthly paid employee as a normalizing adjustment in order to reflect full employment levels. Is the 210 employees referenced above based on the Electric Operations Department employee count as of March 31, 2007? If not, please explain what the basis is.

RESPONSE:

Response:

Mr. Kosior's direct testimony in this case did indicate that the full employment level for the Electric Operations Department was 210 employees. However, the number approved in the Commission's order issued October 18, 2007 in the Company's Temporary Rate Proceeding, Case 06-E-1433, was 213 employees. The Company will include an adjustment to its labor data for the three additional employees when in its update of the case.

Orange and Rockland Utilities, Inc.
Case: 07-E-0949

Response to DPS Interrogatories – Set ORDPS7
Date of Response: November 7, 2007
Responding Witness: Richard A. Kane

Question No.: 101

Capitalized Overheads-Section 263A.

Company testimony indicates that it proposes to recover interest that the Company has accrued and deferred for recovery related to the accelerated deduction computed under Section 263A. In Case 06-E-1433 it was noted that the IRS has disputed the 263A deduction claimed by the Company.

- (1) Please indicate the status of the past claimed deductions computed under 263A in addition to any future deductions.
- (2) Have any interest payments to the Treasury department been made to date?
- (3) In Case 06-E-1433 a true up of any variation between the levels reflected in the revenue requirement calculation and the tax deduction ultimately allowed for 263A Capitalized Overheads by the IRS was accepted. Does the Company propose to continue this true up in this case? If not, why not.

RESPONSE:

- (1) The Company has entered into a tentative settlement agreement with the IRS for the SSCM tax deduction claimed on tax returns for calendar years 2002 – 2004. The 2002 tax return claims the 263A deduction retroactively back to 1987. An agreement between the IRS and the Company requires the IRS to finalize how the SSCM deduction is to be calculated for those tax years and how much of the deduction claimed by the Company will be allowed by the IRS. The Company expects that the IRS will allow approximately 60% of the tax deductions claimed. The Company also expects that the IRS will make a final determination regarding the 2002 – 2004 tax returns within the next few months in order to close out those tax years. With regards to the 2005 and 2006 tax years, the IRS has disallowed the 263A tax deduction claimed by the Company. The Company will contest this disallowance.
- (2) The tentative settlement agreement referred to in (1) above, required the Company to make a prepayment to the IRS for the estimated amount of the 263A tax deduction that would be disallowed with interest. On June 28, 2007, Orange and Rockland made a payment to the Treasury Department for \$13.2 million. Of this amount, the portion applicable to O&R's electric operations for 2002 – 2005 tax returns was \$6.6 million. The amount of interest included in the payment is shown on attachment DPS – 101.
- (3) The Company agrees that it would be appropriate to continue to true up the actual 263A deferred tax benefit recorded on its books to the level included in rate base and defer interest on the variation at the pre-tax rate of return. This procedure

should continue until this issue is resolved with the IRS and the mechanics for calculating the deduction are known and reflected in base rates.

Orange and Rockland Utilities, Inc.
Case: 07-E-0949

Response to DPS Interrogatories – Set ORDPS7
Date of Response: November 8, 2007
Responding Witness: Richard A. Kane

Question No. :103

Depreciation – Common Utility Plant Excess Reserve.

Company witness Charles Hutcheson on page 17 of his testimony states that he proposes that the Company be permitted to amortize the common utility plant excess reserve of \$11.4 million back to customers over a 15 year period or a reduction in annual depreciation expense of \$760,000. Please indicate if the proposed amortization of the common plant excess reserve is reflected in the Company's filing. If so, please indicate where it is reflected.

RESPONSE:

The amortization of the common utility plant excess reserve of \$11.4 million back to customers over a 15 year period or a reduction in annual depreciation expense of \$760,000 was not reflected in the Company's initial filing. This was an oversight and will be corrected in the Company's November 15th update.

Orange and Rockland Utilities, Inc.
Case: 07-E-0949Response to DPS Interrogatories – Set ORDPS7
Date of Response: November 8, 2007
Responding Witness: Richard A. KaneQuestion No.: 104

Employee & Other Insurance Costs - General Liability-Injuries and Damages.

Company testimony states that a normalizing adjustment was made to increase the test year level of general liability insurance costs by \$754,000 in order to reflect a three year average of claims paid by the Company (See Exhibit E-4, Schedule 4, page 2). Company workpapers indicate that the normalization adjustment reflected the difference between the three year average of payments made in accounts 925231 (\$157,000) and 925100 (\$682,000), an average of \$839,000 and the twelve months ended March 31, 2007 book expense of \$85,000. The general liability book expense of \$85,000 excludes labor costs of \$552,000 charged to account 925100 that was classified as direct labor expense and reflected in Schedule 2, page 2 of Exhibit E-5. Based on our review of the payments made and charged to account 925100 and reflected in the three year average, we believe that labor costs are included in the Company's average of claims paid. Total payments and the amount of labor that Staff believes to be included in the average are identified as follows:

	<u>Total</u>	<u>Other</u>	<u>Labor</u>
Apr.-Dec. 04	\$411,904.30	\$125,246.83	\$286,657.47
2005	653,594.97	166,058.84	487,536.13
2006	810,179.46	232,858.84	577,320.55
Jan.-Mar. 07	<u>170,048.17</u>	<u>60,747.37</u>	<u>109,300.80</u>
3 year aver.	\$681,908.97	\$194,970.65	\$486,938.32

- (1) Does the Company agree with Staff's review that has identified average labor costs of \$486,938 that is included in the Company's normalization adjustment of general liability? If not, please indicate the amount of labor that is included in the Company's three year average.
- (2) Does the Company agree that labor costs should be excluded from the average used to develop the normalization adjustment to General Liability costs? If not, why not.

RESPONSE:

- (1) The Company agrees that labor costs of \$486,938 were included in the normalization adjustment of general liability insurance.
- (2) The Company agrees that these labor costs should be excluded from the three year average used to develop the normalization adjustment to general liability expense.

Company Name: Orange & Rockland Electric
Case Description: Orange & Rockland Electric Rate Base Case
Case: 07-E-0949

Response to DPS Interrogatories – Set ORDPS7
Date of Response: November 13, 2007
Responding Witness: Richard A. Kane

Question No.: 105

Employee and Other Insurance Costs-Workers Comp. Expense.

Company testimony states that a normalizing adjustment was made to decrease the test year level of workers’ compensation costs by \$577,000 in order to reflect a three year average of expense experienced by the Company (See Exhibit E-4, Schedule 4, page 2). Company workpapers indicate that the average of \$578,000 reflects direct payments charged to Account 952220. Given that all labor charged to expense has been classified as direct labor expense and reflected in Schedule 2, page 2 of Exhibit E-5, Staff understands that the average of direct charges should be exclusive of labor (payroll) costs. Based on our review of the direct charges to account 952220 and is reflected in the three year average, we believe that labor costs are included in the Company’s average of direct payments. Total payments and the amount of labor that Staff believes to be labor and included in the average are identified as follows:

	<u>Total</u>	<u>Other</u>	<u>Labor</u>
Apr.-Dec. 04 (\$110,528.11)		(\$182,117.44)	\$ 71,589.33
2005	745,351.02	615,655.00	129,696.02
2006	844,698.90	676,006.35	168,692.55
Jan.-Mar. 07	<u>255,263.51</u>	<u>197,581.04</u>	<u>57,682.47</u>
3 year aver.	<u>\$578,261.77</u>	<u>\$435,708.32</u>	<u>\$142,553.45</u>

- (1) Does the Company agree with Staff’s review that has identified average labor costs of \$142,553 that is included in the Company’s normalized adjusted amount of \$578,000 for Workmen’s Comp. – Expense for the rate year before adjusting for inflation? If not, please indicate the amount of labor that is included in the Company’s three year average.
- (2) Does the Company agree that labor costs should be excluded from the average used to develop the normalization adjustment to Workmen’s Comp.-Expense? If not, why not.

RESPONSE:

- (1) The Company agrees that average labor costs of \$142,553 were included in the Company’s normalized adjusted amount of \$578,000 for Workmen’s Compensation expense for the rate year before adjusting for inflation.

- (2) The Company agrees that labor costs should be excluded from the average used to develop the normalization adjustment to Workmen's Compensation expense, since it is forecast separately.

Orange an Rockland Utilities, Inc.
Case: 07-E-0949Response to DPS Interrogatories – Set ORDPS7
Date of Response: November 20, 2007
Responding Witness: Richard A. KaneQuestion No.: 110

Restricted Stock Program – follow up to DPS 63. Company response to DPS question no. 63 – (1) states that the restricted stock program provides officers of O&R with stock equivalents based on their achieving certain predefined goals. Please indicate the positions eligible for this program and please fully describe those predefined goals of the program and the related stock equivalents granted.

RESPONSE:

The Performance-Based Restricted Stock Units under the Long Term Incentive Plan (“LTIP”) may be awarded to eligible officers and management employees in Bands 3 and 4. Time-Based¹ Restricted Stock Units under the LTIP can be awarded to eligible management employees in Bands 1 and 2. Each Unit represents the right, upon vesting, to receive one share of CEI stock, the cash value of one share of CEI stock, or a combination thereof. Stock units will be distributed after completing a three-year performance cycle.

Performance Measures for Units awarded to Officers and employees in Bands 3 & 4 are based on the following formula: Payout for Fifty Percent of the Units awarded are based on the Company's Total Shareholder Return (TSR) compared to the TSR for the Compensation Peer Group over a three-year performance period. The actual number of units earned for this portion of the award can range from 0% to 150%. The payout for the remaining Fifty Percent of the Units awarded to Orange and Rockland employees will be based on the performance relating to certain pre-defined goals set forth in Orange and Rockland's Annual Team Incentive Plan (ATIP) for the three years prior to the payout year. These ATIP goals include an earnings goal, an operating budget goal, and a customer service/safety goal. The actual number of units earned for this portion of the award can range from 0% to 120%. Payout of awards after the completion of the performance period will be made in the form of shares or cash.

¹ Time-Based restricted stock units require recipients to be active employees at the time that the stock units fully vest; (i.e., three years from date of award). Employees who retire or leave the Company before vesting would not receive time-based units.

Orange and Rockland
Case: 07-E-0949

Response to DPS Interrogatories – Set ORDPS7
Date of Response: November 19, 2007
Responding Witness: Richard A. Kane

Question No.: 111

Restricted Stock Program – follow up to DPS 63 - Company response to DPS question no. 63 – (3) indicates that the Company included restricted stock program costs in its Show Cause filing – Case 06-E-1433. However, the Company's Supplemental and Update filing dated March 16, 2007 included an adjustment 5 which eliminated costs for the Officers' restricted stock payments (See Richard Kane Supplemental Testimony, page 4, lines 6 and 7 and Exhibit 27 (E-10), page 3 of 15). Are the costs of \$367,000 for a restricted stock program in this filing related to the same officers' restricted stock program payments addressed in Case 06-E-1433 by the company's adjustment 5. If not, please identify were the officers' restricted stock program payment addressed in Case 06-E-1433 are reflected/addressed in this proceeding.

RESPONSE:

Yes.

Orange and Rockland Utilities, Inc.
Case: 07-E-0949

Response to DPS Interrogatories – Set ORDPS8
Date of Response: December 10, 2007
Responding Witness: A. Regan

Question No. :124

Electric Engineering Operations Career Development Program. Testimony states that the Company will be implementing a new Electric Operations Career Development program which will add three new electrical engineers within the electrical engineering and electric operations organization.

- (1) Please indicate the number of electrical engineers in the electrical engineering and electric operations organization that this attrition program is addressing.
- (2) Please indicate the average age of those electrical engineers in the organizations that this program is addressing.
- (3) Please indicate the eligibility age for retirement and the number of electrical engineers that are at or above that age in the organizations that this program is addressing

RESPONSE:

(1) 34

(2) Average age is 41.8 years old

(3) To be eligible for retirement, Orange and Rockland employees must be either (1) 55 years or older with 85 total points or greater, or (2) 60 years or older with at least 10 years of service. Total points are calculated by adding the employee's age to their current number of years of service.

There are two Orange and Rockland electrical engineers that are currently eligible for retirement, and another eight who are within five years of being eligible for retirement. This represents nearly 30% of the electrical engineers in these organizations of the Company. Although this career development program is needed to address attrition, an equally important goal for this program is to allow the Company to build technical depth and improved experience within the technical areas of Electrical Engineering and Operations.

Orange and Rockland Utilities, Inc.
Case: 07-E-0949

Response to DPS Interrogatories – Set ORDPS9
Date of Response: November 20, 2007
Responding Witness: C. Hutcheson

Question No. :134

Property Tax Forecast Method - Company testimony states that it is not practical to forecast property taxes individually for each of the many municipalities where the Company pays property taxes. Therefore the Company develops an average escalation factor which is applied to a base amount using latest known tax information.

(1) Does the escalation factor include both assessment and tax rate changes? If not, please explain why not. If there is something else in addition to assessment or rate changes, please explain fully.

RESPONSE:

Yes, the escalation factor recognizes both assessment and rate changes, as it is developed based on actual tax payments for the last five years.

In addition, the Company would note that certain normalizing adjustments were included in the development of the escalation factor to offset the effects of certain property tax settlements in Rockland County that are not expected to recur at such levels in the future.